DoD Purchase Card Program

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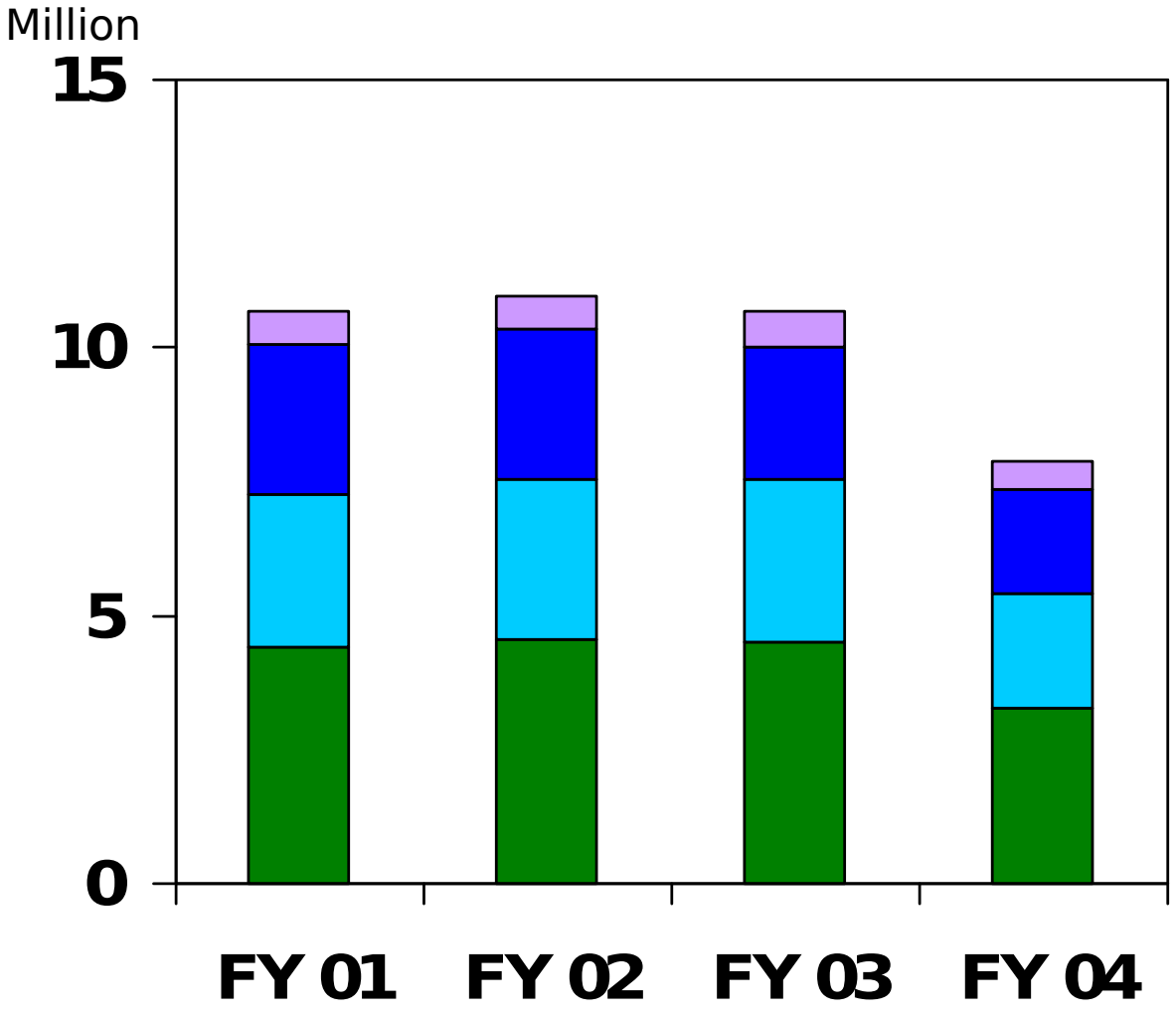
Overview

- **Program Statistics**
- **Congressional Interest**
- **OMB Update**
  - Creditworthiness
  - Circular
  - Section 508
- **Fraud and Misuse Prevention**
  - Shared Reports
  - Pilot Efforts
- **Logistics and Property Integration**
  - Frustrated Freight Guidance
  - New Capabilities
- **Past Performance**
- **Training**
  - Refresher Training
  - Recommended Conference Sessions

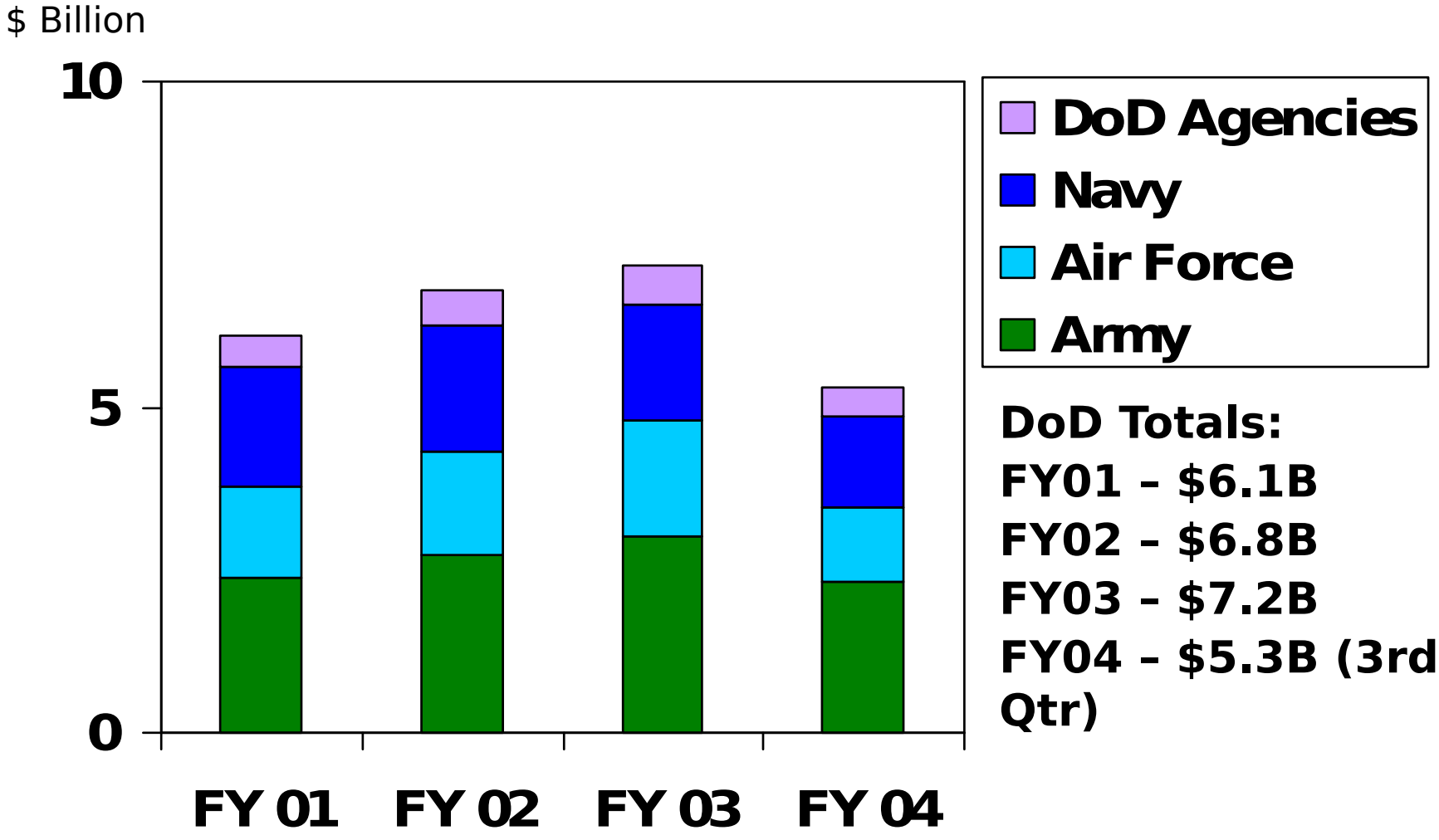
Program Statistics

Actions



DoD Totals:
FY01 – 10.7M
FY02 – 11.0M
FY03 – 10.7M
FY04 – 7.3M (3rd Qtr)

Dollars



DoD Totals:

FY01 – $6.1B

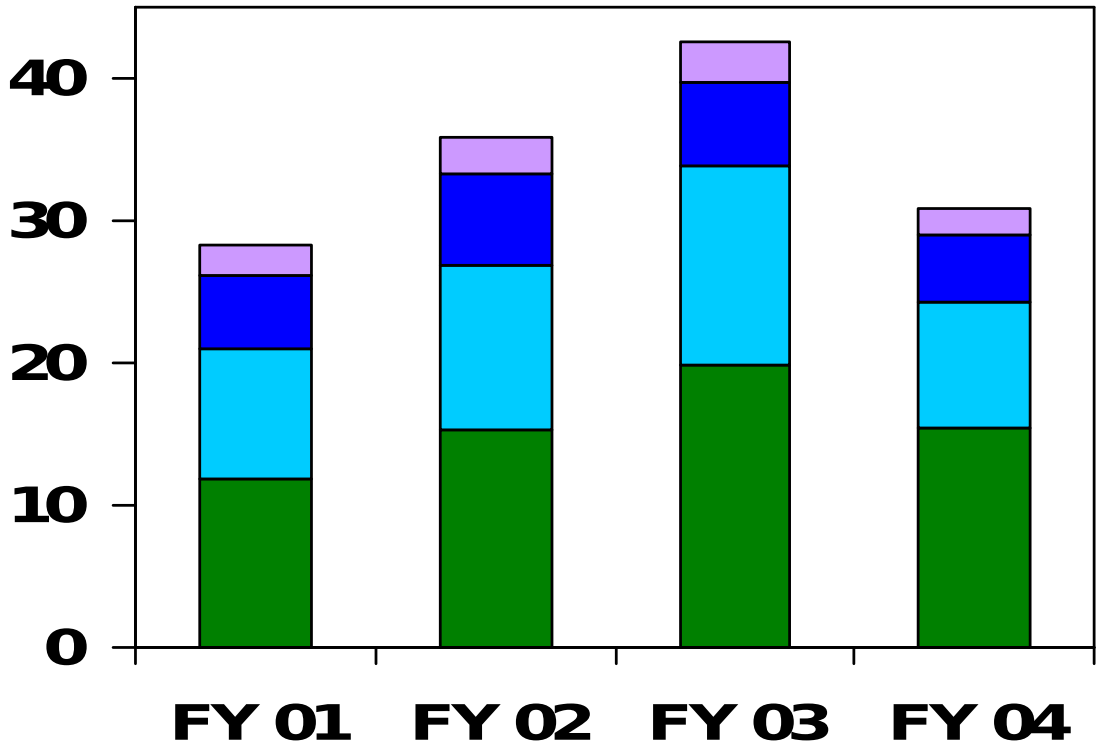
FY02 – $6.8B

FY03 – $7.2B

FY04 – $5.3B (3rd Qtr)

Rebates Earned

$ Million



DoD Totals:

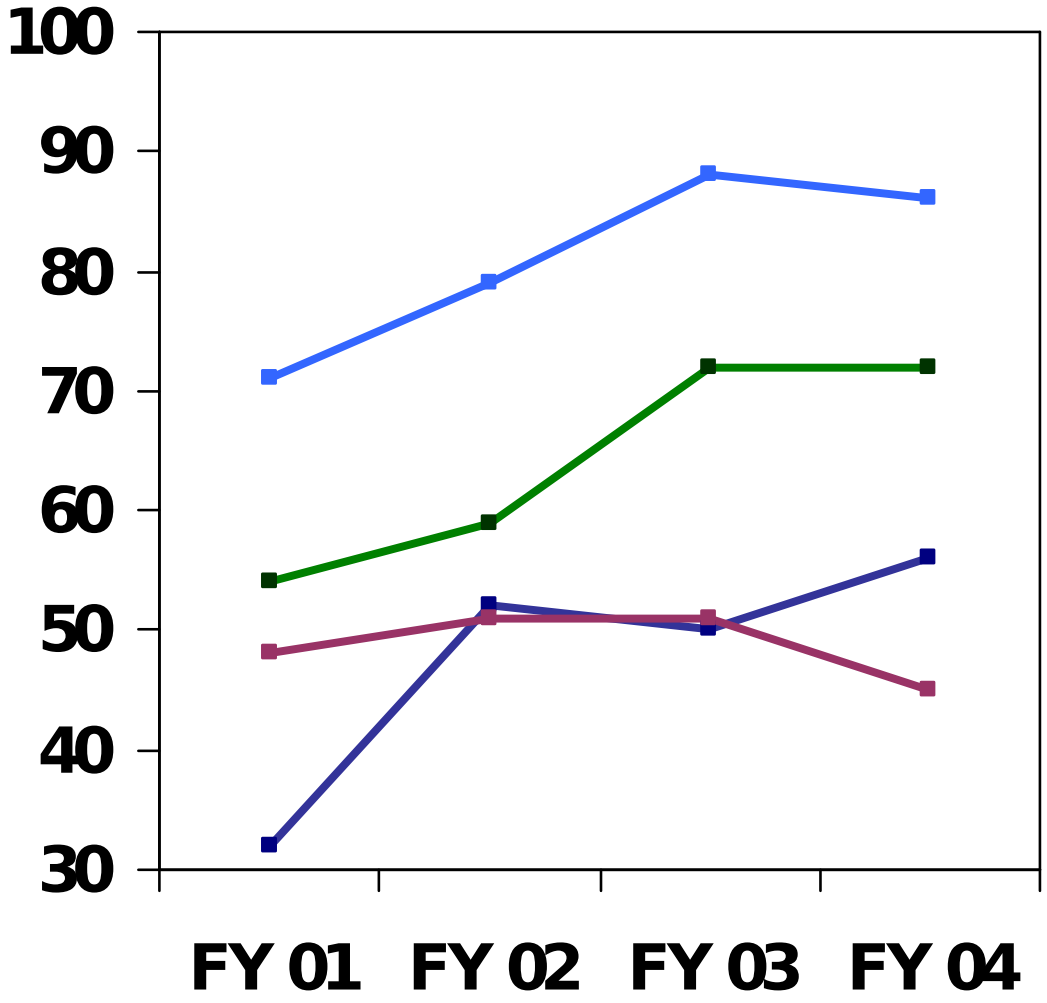
FY01 – $28.2M

FY02 – $35.8M

FY03 – $42.4M

FY04 – $30.9M (3rd Qtr)

Percentage of Maximum Rebate Earned



DoD Range:

FY01 – 32% - 71%

FY02 – 51% - 79%

FY03 – 50% - 88%

FY04 – 45% - 86% (3rd Qtr)

Congressional Interest

- Minimize Card Misuse
- Creditworthiness
- Strategic Sourcing
- Specific Disciplinary Sanctions for Card Misuse

OMB Update

Creditworthiness Issues

- **On-going Efforts:**
  - **OMB developed draft guidelines which would require credit checks for Purchase Cards and Centrally Billed Travel. OPM to provide cost estimate.**
  - **Defense Appropriation Subcommittees dropped the requirement in FY05**
  - **Treasury/Transportation Subcommittee action pending**
  - **DD Form 2883 approved and published. Implementation memo for travel card being coordinated. Purchase card plans to integrate this form into card authorization/issuance process**
- **Legislation:**
  - **FY 2004 Appropriation Act – Continues the Requirement through 04**
  - **FY 2004 Authorization Act – Provision for Travel Card Only**
  - **FY 2004 Treasury Appropriation Bill – Government-wide Requirement**
  - **FY 2005 Defense Appropriation Act does not include creditworthiness**
  - **FY 2005 Treasury/Transportation (government-wide) not published**

Charge Card Business Rules Guide

- **Department of Defense Government Charge Card Guidebook for Establishing and Managing Purchase, Travel, and Fuel Card Programs**
  - **Published 4 August 2004**
  - **Developed by DoD Charge Card IPT**
  - **Cross Component/Domain Participation**
  - **Single Document Identifies Best Practices**
    - **Common To all Cards**
    - **Card Specific Sections**
    - **Hyperlinks to references**
  - **Replaces DoD Charge Card Concept of Operations**

Business Rules Guide Content

- **Common Business Rules**
  - **Establishing a Program**
  - **Program Management**
    - **Program Outcomes**
    - **Management Controls**
  - **Personnel**
    - **Roles and Responsibilities**
    - **Knowledge, Skills, and Abilities**
    - **Training**
    - **Investigations of Suspicious Activity**
  - **Special Issues**
    - **Creditworthiness**
    - **Policy and Contract Issues**
- **Appendix A - Purchase Card Programs**
- **Appendices B-E Travel Card, Other Centrally Billed, Defense Travel System, Fuel Card Programs**

Draft OMB CIRCULAR

Mission: To ensure Executive Branch charge card programs maximize financial and other benefits to the Federal government.

Subgroups:

- **Strategic Sourcing**
- **508 Compliance**
- **Performance Metrics/Data Collection**
- **Training**
- **Risk Management**
- **Rebate Management**
- **Split Disbursement/Salary Offset.**
- **Creditworthiness – Separate subgroup but result will be part of the Circular.**

Expected Completion: November 2004. Unclear whether it will provide mandatory direction or guidelines

Section 508 Compliance

- **Section 508:** Requires Federal agencies to ensure electronic and information technology is accessible for people with disabilities
- **Micro-Purchase Exemption:** Expires 30 Sep 04. OMB reviewing a proposed rule to extend exemption to March 05.
- **Should Plan Now:** How to purchase 508 compliant computer, fax machine, printer, copier, scanner, vcr, etc.
- **Tools:** Micro-purchase and Section 508 training CD available. Send email on link at http://purchasecard.saalt.army.mil. GSA developing a portal for Section 508 compliant vendor sources.

Fraud and Misuse Prevention

Oversight Tools

- **Background**
  - Reporting systems used by DoD did not support detection of fraud and misuse at field level
  - US Bank has piloted new reporting capabilities
  - PMO will work with Citibank to expand capabilities in CitiDirect
- **Training**
  - PMO will support US Bank training sessions on reporting tools

Shared Reports (1 of 2)

- **Accounts with Underutilized Credit Limits**
  - Provides a tool to adjust spending limits to historical buying patterns
- **Suspect Merchants**
  - Identifies all transactions for specific suspect merchants.
- **Transactions for Selected MCCs**
  - Identifies transactions from merchants with specific MCCs.
- **Merchants Used Only by a Few Cardholders**
  - Identifies merchants with a high percentage of spending locally

Shared Reports (2 of 2)

- **Frequent Credit Transactions**
  - Identifies accounts with a high percentage of credits relative to purchases.
- **Payment & Prompt Payment Act Interest Penalty Transactions**
  - Helps identify issues with timely certification and payment
- **Over Limit Convenience Check Transactions**
  - Identifies transactions $2,500 or greater.
- **Will work with the Navy and CitiBank to implement similar capabilities in CitiDirect**

Data Mining Tool

Data Mining Tool:

- Uses a combination of a discreet DoD-tailored neural network model and DoD-specific business rules to identify highest risk transactions
- Will provide a vehicle for distributing selected transactions to the appropriate officials for review and resolution
- Will also provide a database that will capture and maintain all responses to transactions selected for review

Risk Assessment Tool

Risk Assessment Tool:

- Will provide monthly report card on the status of the internal controls of the purchase card program
- Template with standardized DoD-wide criteria
- Flexible for additional criteria as needed by various organizations
- Flexible enough that the report card could be generated, and modified, at various levels within the organization
- Will also provide ad hoc query capabilities

Status of Data Mining Pilot

SOW Developed - Deliverables Include:

- **Data Mining Tool and Data Repository**
- **Transaction Review Workflow**
- **Authorization/Authentication Tool**
- **Risk Based Assessment Tool**
- **Request for Information (RFI) to be issued**
  mid-September

Pre-Bidders' Conference: **To be held late September**

RFP: **To be issued early October**

Logistics and Property Integration

Frustrated Freight

OSD ATL Policy Letter 23 Jul 03

- Required Cardholders to ensure purchases entering the Defense Transportation System(DTS) are properly marked and packaged
  - Bar Coded Labels
  - MIL Standard 129

GPC Cardholder Guide to Overseas Shipments

- Identify the steps cardholders need to take to enter shipments into DTS
- Provides Checklists, Definitions, and Frequently Asked Questions

DLA/TRANSCOM Pilot

- Automated system that will pass Bar Coded MSL to vendors
- More at your Components Break Out Sessions

New Capabilities

- **Extensive market research conducted in recent months**
  - **Identifying card misuse still problematic**
  - **Department has diverse card needs**
    - **Needs are not met by existing products**
  - **Card pilots will focus on these requirements**
- **Pilot of card for frustrated freight will be forerunner to future card integration**
  - **Accountable property**
  - **Information technology**
  - **HAZMAT**
  - **Medical**
  - **Individual safety equipment**
  - **Short term vehicle rental**

Past Performance

- **Contract Performance Information Being Collected:**
  - Service/Agency level 2 A/OPCs consolidating comments
  - Will provide to DoD PC PMO by Sep 17, 2004
- **Be Prepared To Comment If You Haven't Yet:**
  - Assessment areas are quality, schedule, business relations and management of key personnel
  - Color rating system ranges from exceptional (purple) to unsatisfactory (red)
  - Provide comments to your level 2
- **Online Available References:**
  - http://www.ppirs.gov/ppirsfiles/guidance.htm DoD and Federal past performance guidance.
  - http://purchasecard.saalt.army.mil for task order content

Training Opportunities

GPC Refresher Training

- **Refresher Course Now Online at DAU:**
  - Live as of last week, about 2 hours to complete
- **Topics:**
  - Updated, expanded fraud, misuse, disciplinary actions
  - Overseas shipments using the Defense Transportation System
  - Clarified, strengthened when, how to use convenience checks
  - Retained about 70% of original course and most missed parts
- **Feedback:**
  - Needed on content and usefulness, considering making mandatory every 2 years

Recommended Conference Sessions

- C.A.R.E. Reporting for Purchase Card (US Bank)
- Audit
  - Preparing for an Audit (US Bank)
  - Techniques for Establishing a Successful Audit Process (Citibank)
- Fraud and Misuse
  - Fraud and Misuse in you Card Program (Citibank)
  - Fraud Overview (US Bank)
- New A/OPC training
  - A Training Guide for the New A/OPC (Citibank)
  - Effective Purchase Card Program Management for New A/OPCs (US Bank)
- System Training (hands on)
  - Technical Demonstration Center (Citibank)
  - C.A.R.E. Open Lab (US Bank)